

PUBLIC-PRIVATE TRANSPORTATION PARTNERSHIP BOARD
SUMMARY MINUTES
HARRISBURG, PENNSYLVANIA
JUNE 26, 2018

CALL TO ORDER:

The eleventh meeting of the Public-Private Transportation Partnerships Board (Board) was convened by Secretary Leslie S. Richards, at 10:05 a.m. on Tuesday, June 26, 2018, in PUC Hearing Room 1, Keystone Building, Harrisburg, PA.

ROLL CALL:

Members Present:

Honorable Leslie S. Richards
Honorable Randolph Albright
Mr. Gregory Davis
Mr. Ronald Drnevich
Mr. James Kunz, Jr.

Members Not Present:

Representative William F. Keller
Mr. John J. Martino

A quorum was present.

ADOPTION OF MEETING MINUTES:

On a motion by Mr. James Kunz, seconded by Secretary Randolph Albright, the meeting minutes from November 28, 2017, were unanimously approved.

CHAIR'S REMARKS:

Secretary Richards welcomed everyone to the board meeting and noted that the Department and the P3 Office in particular have been working hard on the project/implementation side of our P3 projects. The Department has spent a lot of time managing P3 projects.

Secretary Richards noted that 417 Rapid Bridge Replacement (RBR) bridges have been replaced and open to traffic; 12 Compressed Natural Gas (CNG) fueling stations are completed with an additional 3 to be completed by the end of 2018; a Request for Information (RFI) was released for Wetland Mitigation Banks on February 21, 2018 and from that, 16 responses were received from private industry. This feedback will be used to help develop a Request for Qualifications for the Chalfont Wetland Mitigation Bank

project, expected to be issued later this year; and, the P3 Office will provide an update later in this meeting on the activities that are currently underway to generate additional ideas to be considered for P3 procurement or other alternate delivery.

OLD BUSINESS:

RAPID BRIDGE REPLACEMENT PROJECT: UPDATE PRESENTED BY MR. MICHAEL BONINI

The Rapid Bridge Replacement project was approved by the Board in September 2013. This was the first P3 project to be approved. Plenary Walsh Keystone Partners (PWKP) was selected as the Development Entity in October 2014. Financial close was completed March 2015.

PWKP is tasked to replace 558 poor bridges across the Commonwealth. The Department will maintain ownership of the bridges, but the Development Entity is responsible for maintaining each bridge for 25 years after replacement. All bridges are currently scheduled to be replaced by December 2018.

Mr. Bonini noted that as of the P3 Board meeting, 417 bridges have been successfully replaced and are open to traffic. Seventy-six (76) bridges are currently under construction. PennDOT and PWKP has developed a schedule to complete the remaining bridges. All bridges will get underway this year, if not built.

Of note, Mr. Bonini mentioned several 2017 highlights, including that 96% of the bridges were built on time or ahead of schedule. PWKP used 16% less time than they were contractually permitted. That translates to savings for the traveling public of 9,600 less days that needed to be driven in work zones. 101 bridges have been constructed in 60 days or less.

Mr. Ron Drnevich asked if financing were available, would we consider a second RBR? Secretary Richards responded when the current project is completed, there should be an analysis on the current project and make changes based on our experience. Deputy Secretary Ritzman mentioned that without more stability in federal funding the Department probably would not be able to take on another project of this magnitude.

No action was required by the Board.

NORTHAMPTON COUNTY BRIDGE RENEWAL PROGRAM: UPDATE PRESENTED BY MR. MICHAEL BONINI

This project was approved by the P3 Board in November 2015. The Northampton County Bridge Renewal Program is planning to replace 28 bridges and rehabilitate five (5) other structures across the county in a four-year timeframe. In January 2017, Northampton County's General-Purpose Authority awarded Kriger Construction, Inc., a \$37.5 million bridge replacement and rehabilitation contract. Northampton County hired Alfred Benesch & Company as a third-party review engineer.

Bridge #157 was the first bridge completed. A ribbon cutting was held on October 27, 2017. The development entity will maintain the bridges for 10 years.

No action required by the Board.

Mr. Charles Dertinger, Northampton County Director of Administration, expressed a number of oversight concerns the County has with their P3 project, which this administration inherited when it took office in January. Mr. Dertinger stated that even with these issues, Northampton County is dedicated to see this project through. Secretary Richards thanked Mr. Dertinger for coming and sharing the concerns to the Board. Secretary Richards noted that she met with the County Executive last week, who expressed his commitment to this project. Finally, Secretary Richards mentioned that the PennDOT P3 team is available to work through any issues if needed.

PENNSYLVANIA TURNPIKE COMMISSION BROADBAND PROJECT: UPDATE PRESENTED BY MR. MICHAEL BONINI

The Pennsylvania Turnpike Commission (PTC) is pursuing a public-private partnership to address its future bandwidth needs. A fiber-optic broadband network would enable the PTC to implement cashless tolling and support existing and future intelligent transportation systems. The project would allow the Commission to replace its aging network of tower-mounted microwave antennas by capitalizing on the value of its right-of-way to the private sector.

On May 1, 2017, the Commission issued a Preliminary Information Memorandum (PIM) which outlined changes to the scope and structure, which is a result of feedback received from the January 2017 Industry Forum. The Commission will be issuing a Request for Qualifications (RFQ) this month. PTC held their most recent one-on-one meetings last week with the shortlist teams led by: Star America/Zayo Group, AECOM, Plenary Broadband, Macquarie. The goal is to release the final Request for Proposal (RFP) in July 2018 and select the development entity to get the commercial and financial close by the end of this year.

No action required by the Board.

SPONSORSHIP AND ADVERTISING: UPDATE PRESENTED BY MS. KATHRYN TARTAGLIA

In January 2013, the P3 Board approved the P3 Traveler Information and Traffic Management Systems project, a sponsorship and advertising program to offset operational costs incurred by PennDOT and the Pennsylvania Turnpike Commission (PTC) for programs. On September 9, 2014, PennDOT announced that Travelers secured State Farm to sponsor the Department's Freeway Service Patrol (FSP) in critical urban areas of the commonwealth.

Through the partnership with State Farm, the department receives \$425,000 in sponsorship revenue each year, which has generated \$1.3 million in revenue to date.

This revenue helps to offset PennDOT's cost to provide the essential roadside assistance to motorists. More than 24,000 motorists assists have been provided under this program.

The Travelers Marketing contract expires in March 2019, so PennDOT will be advertising a new contract in the coming months.

No action required by the Board.

KEYSTONE CORRIDOR: MIDDLETOWN STATION IMPROVEMENT PROJECT: UPDATE PRESENTED BY MS. KATHRYN TARTAGLIA

PennDOT is using P3 to leverage private investment to enhance the new Middletown Station planned along the Keystone Corridor in Dauphin County. PennDOT is partnering with Amtrak to relocate the Middletown Station from Union and Mill Streets to a new location on Ann Street/Airport Drive (Route 441) at West Main Street (Route 230) near the Penn State Harrisburg campus. The new transit station will meet the Americans with Disabilities Act (ADA) platform requirements and offer multimodal connections by accommodating a bus stop, airport shuttle, bicycle racks and improved access for students.

The only team to respond to the Request for Qualifications, Keystone Connections, has been invited to respond to a Request for Proposals (RFP). The final RFP will be released later this Summer. Ms. Tartaglia reminded the Board that under P3 law, the RFP will be competitively bid even though currently only one potential development entity is involved.

On July 9, 2018, Ms. Jennie Granger, AICP, will begin at PennDOT as Deputy Secretary of Multimodal Transportation. Once she is on board, the P3 staff will brief her on this project and learn how she would like to proceed.

No action required by the Board.

Wetlands Mitigation Banking Project: UPDATE PRESENTED BY MR. JOSEPH GURINKO

When a PennDOT project impacts wetlands, the conventional approach to mitigate the impact is to develop a one-use mitigation site to satisfy the specific needs. However, this proposed P3 project aims to optimize efficiency by developing 140 acres of PennDOT-owned land in Chalfont Borough and New Britain Township, Bucks County, into a Wetland Mitigation Banking Site. The site will can provide on-demand wetland mitigation credits for PennDOT projects. Benefits include cost effectiveness, accelerated project delivery and the creation of 30-40 wetland credits. Additionally, this project would satisfy mitigation requirements while transferring liability from PennDOT to the private partner.

A Request for Information was issued earlier in the year. Sixteen respondents provided information on topics such as how mitigation banks are sited, how credits are estimated and the assumed duration from the opening of the bank until all credits are exhausted. This information will be helpful as the P3 Office compiles the Request for Qualifications and, later, the Request for Proposals. The Request for Qualifications is scheduled to be issued in Fall 2018.

Mr. Ron Drnevich said that his recollection is that this project has a value of several million dollars – significantly less than other P3 projects. What is the payback for the project? Mr. Gurinko stated that the payback is twofold; because PennDOT already owns the land and is offering it free of charge, the Department will receive free credits in Engineering Districts 5-0 and 6-0; and the other part of the payback would be that the development entity would be allowed to sell excess credits to the open market. Mr. Drnevich responded that he wasn't sure if there would be a cost savings to PennDOT for this project. Mr. Gurinko said the savings would come in the form of time, i.e. PennDOT could go to the bank for free credits rather than developing a plan to mitigate impacts and having to have it approved by the regulatory agencies.

No action required by the Board.

COMPRESSED NATURAL GAS (CNG) INFRASTRUCTURE FOR TRANSIT AGENCIES: UPDATE
PRESENTED BY MR. JOSEPH GURINKO

This \$84.5 million, 20-year P3 agreement allows public transit providers an opportunity and incentive to transition seamlessly to natural gas, a plentiful resource in Pennsylvania and currently the cleanest burning transportation fuel.

Trillium CNG will make CNG-related safety upgrades to existing transit maintenance facilities and will design, build, finance, operate and maintain CNG fueling stations. By bundling the construction of 29 sites into one P3, the fueling stations will be up and running more quickly and affordably than under a traditional procurement process. It is estimated that after 10 years, the project will pay for itself with an estimated \$100 million in savings. Like the Rapid Bridge Replacement Project, local labor is used in this project.

To date, 12 stations have been completed; three more are scheduled to be completed by the end of 2018. All stations will be open by 2021. Three stations for which there is public access are open – Johnstown, York and New Castle. A fourth will open this year in Indiana.

No action required by the Board.

NEW BUSINESS:

2017-2018 P3 OFFICE REPORT FOR PENNSYLVANIA:

Mr. Bonini said that the P3 Annual Report has been created and that each member of the Board has a copy at their place. The report contains the progress over the last year.

Secretary Richards stated she is very proud of where we are today and the progress in Pennsylvania.

On a motion by Mr. James Kunz, seconded by Mr. Gregory Davis, and unanimously approved, the 2017-2018 P3 Office Report for Pennsylvania, was approved.

UNSOLICITED PROPOSALS UPDATE:

Mr. Bonini started with a report on an unsolicited proposal received in April 2017. The submission, Environmental Solutions P3, came from Resource Environmental Solutions (RES). RES proposed to address a number of environmental issues that typically come up when assessing the impact of transportation projects such as wetlands and threatened and endangered species. RES proposes to do this by placing mitigation by developing banks across the State. The P3 Office would like to use the Chalfont Wetland Mitigation Banking project as a “pilot” for this proposal before deciding whether to recommend it on a larger scale.

As for the latest unsolicited project open window, the P3 Office received three (3) unsolicited proposals in April 2018:

1. PennDOT Truck Parking Expansion Program (TPEP)
 - a. Proposed by Truck Specialized Parking Services, Inc. to enable underutilized public and private real estate assets along key interstates and highways in eastern Pennsylvania that are most likely to relieve truck parking congestion areas. The proposed solution incorporates a technology platform developed specifically to manage parking availability and reservations for commercial vehicles.
 - b. The P3 Office plans to release a Request for Information to better understand the issues involved in truck parking and also to ascertain whether P3 procurement might be appropriate.
2. Pennsylvania Turnpike Commission (PTC) Tunnel Rehabilitation Project
 - a. Proposed by Kiewit Infrastructure Co. to rehabilitate and modernize the Pennsylvania Turnpike tunnel systems. This proposal contemplates a scalable P3 delivery (Design/Build/Finance or Design/Build/Finance/Maintain) for the structural, mechanical and electrical rehabilitation with improved energy efficiency of the five (5) PTC tunnel assets. The PTC is reviewing the concept now to determine if to pursue this project and, if so, whether P3 procurement is appropriate.

3. Smithfield Gateway Infrastructure Road Improvements
 - a. Proposed by Monroe County Industrial Development Authority (MCIDA) that contemplates the construction of commercial development on 128 acres of land located in Smithfield Township, Monroe County. The site is located at the intersection of SR 209 and SR 447 in East Stroudsburg. The project also involves a significant range of transportation improvements (safety and congestion) are needed regardless of the proposed commercial development envisioned for the area.

No approval requested or needed at this time from the P3 Board.

CAPITAL SCREENING PROGRAM:

Mr. Bonini started by saying that one of the major efforts under way this year in the P3 Office is the P3 outreach to PennDOT district offices and planning partners. Mr. Joe Gurinko has been leading this task and will give the Board an overview of progress to date.

Mr. Gurinko said the purpose of the outreach is to identify the next generation of P3 projects. The outreach meetings start with a presentation on what P3s are, where using P3 procurement may be appropriate, and examples of P3 applications both nationally and statewide. The remainder of the time is spent listening to ideas from the participants. We are looking for potential projects that have gone through the transportation planning process and are part of the local long range transportation plan or district business plan.

Seven (7) district meetings have been held so far and the P3 Office has heard a wide variety of projects, both in terms of scope and cost, with suggestions from interstates to trails, truck parking to ADA ramps, and PennDOT Connects-type projects to rail freight. The most common themes heard include interstate maintenance, local bridges, rest areas and traffic signals.

At the end of this process, the P3 Office expects to have a pipeline of projects that are ready to move forward when investors make inquiries as to what is available. In addition, because of the wide variety and uniqueness of the suggestions, Mr. Gurinko noted that he believes that a second list of projects may be generated that may not be appropriate for P3 procurement, but that should be reviewed for innovative ideas to implement because the need is significant.

Secretary Richards mentioned that the one thing she wanted to emphasize from the outreach meetings is that P3 is a procurement method; not a financing mechanism. This is an important concept to remember.

OTHER BUSINESS:

Mr. Bonini noted that the next P3 Board meeting is scheduled for November 29, 2018.

PUBLIC COMMENTS

Ms. Michelle Bisbing, Monroe County Industrial Development Authority (MCIDA)

Ms. Bisbing represents the MCIDA that submitted the Unsolicited Proposal for the P3 Smithfield Gateway project. This is a major economic development proposal with significant offsite road improvements, and Ms. Bisbing noted that she thought it would be a good P3 candidate. Previous development proposals have not gone forward due to significant road improvements needed. This is in a highly-congested area of the County. Ms. Bisbing presented a current status of the project to the P3 Board.

Mr. John Brown, former County Executive, Northampton County

Mr. Brown supported the Northampton County P3 Bridge project. He explained that the County, like the state, has a bridge condition problem and his administration saw an opportunity to address a significant part of that problem at a reduced cost and timeline using P3 procurement. While P3 on the surface can sound quite confusing, when you look at its component parts, Mr. Brown noted that it really is not that complex.

ADJOURNMENT:

On a motion by the Honorable Randolph Albright, seconded by Mr. James Kunz, and unanimously approved, the meeting was adjourned at 11:41 a.m.